



AUDIT COMMITTEE REPORT

Report Title	2011/12 procurement internal audit report
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	7 November 2011
Policy Document:	NO
Directorate:	Finance and Support
Accountable Cabinet Member:	Councillor Alan Bottwood

1. Purpose

1.1 To provide the Audit Committee with a report summarising the results of the 2011/12 procurement internal audit.

2. Recommendations

2.1 Receive the report.

3. Issues and Choices

3.1 Report Background

3.1.1 The report is produced to inform the Committee of the results of the 2011/12 procurement internal audit report.

3.2 Issues

The procurement review (**11_12 NBC Procurement 01**) was conducted following a management request for internal audit assistance. The procurement function became the responsibility of the finance function from the 1st April 2011 following a restructure. The procurement audit was designed to assess the design and operation of controls within procurement and provide recommendations to help management improve these controls where necessary.

We identified two high risk findings and one medium risk finding.

High risk findings:

- Signed copies of contracts selected for testing could not be located by the services responsible for managing the contracts.
- Sample testing of procurement transactions pointed to a number of issues with cases tested; for example members of staff ordering goods often did not obtain the minimum required number of quotations, or comply fully with tender processes prior to purchasing goods or services. This leads to increased risks of poor value for money and inappropriate or unauthorised transactions.

Medium risk finding:

- Control issues were identified regarding the use of existing supply and framework agreements in place at the Authority. Compliance with existing agreements is not enforced, and members of staff can place orders with any supplier and then request for these new suppliers to be added to the creditors system without challenge.

Our overall report classification for procurement was **high risk**.

The procurement final report has been included as Appendix 1 to this report.

3.3 Choices (Options)

3.3.1 N/a

4. Implications (including financial implications)

4.1 Policy

4.1.1 No implications.

4.2 Resources and Risk

4.2.1 Risks may be highlighted as a result of audit issues being reported.

4.3 Legal

4.3.1 N/a

4.4 Equality

4.4.1 N/a

4.5 Consultees (Internal and External)

4.5.1 Director of Finance and Support and Head of Finance.

4.6 Other Implications

4.6.1 N/a

5. Background Papers

5.1 Appendices to the report

- Appendix 1 – Procurement Final Audit Report

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